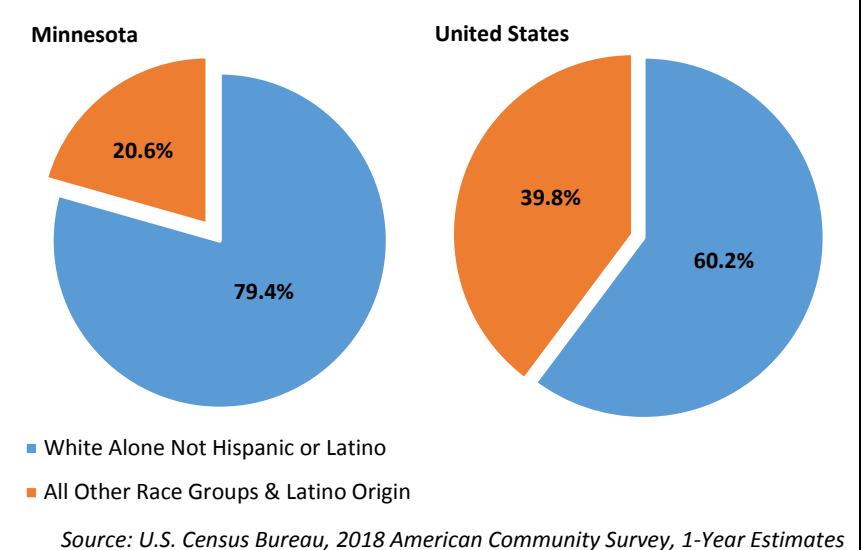


Minnesota Economic Disparities by Race and Origin

Compared to the nation, Minnesota’s population is relatively non-diverse, yet is becoming more diverse over time.

Through 2018, 79.4 percent of the state’s population reported being White alone, and not of Hispanic or Latino origin; while the other 20.6 percent of the population reported a different race – such as Black or African American, American Indian, Asian, Some Other Race, or Two or More Races – or Hispanic or Latino origin. That was about 20 percent lower than the United States, where 39.8 percent of residents reported a race or origin other than White alone (see Figure 1).

Figure 1. Population by Race and Origin, 2018



Minnesota was home to over 5.6 million people in 2018, an increase of just under 700,000 residents, or 14.1 percent since 2000. Every people of color group grew at a much faster rate than that of the White population, which expanded just over 5 percent from 2000 to 2018.

With over 367,000 residents, Black or African Americans comprised the largest minority racial group in the state, accounting for 6.6% of the total population. That was less than half as concentrated as the nation as a whole, where 12.7% of residents were Black or African American (see Table 1).

Table 1. Population Change in Minnesota, 2000-2018

	Minnesota				United States	
	2018 Population Estimate	2018 Percent	Change from 2000-2018		2018 Percent	Change from 2000-2018
Total Population	5,611,179	100.0%	+691,700	+14.1%	100.0%	+16.3%
White	4,629,375	82.5%	+229,093	+5.2%	72.2%	+11.7%
Black or African American	367,653	6.6%	+195,922	+114.1%	12.7%	+20.1%
American Indian & AK Native	60,983	1.1%	+6,016	+10.9%	0.9%	+13.2%
Asian & Other Pac. Islander	275,522	4.9%	+131,575	+91.4%	5.8%	+78.9%
Some Other Race	102,814	1.8%	+37,004	+56.2%	5.0%	+5.8%
Two or More Races	174,832	3.1%	+92,090	+111.3%	3.4%	+65.2%
Hispanic or Latino origin	308,013	5.5%	+164,631	+114.8%	18.3%	+69.3%

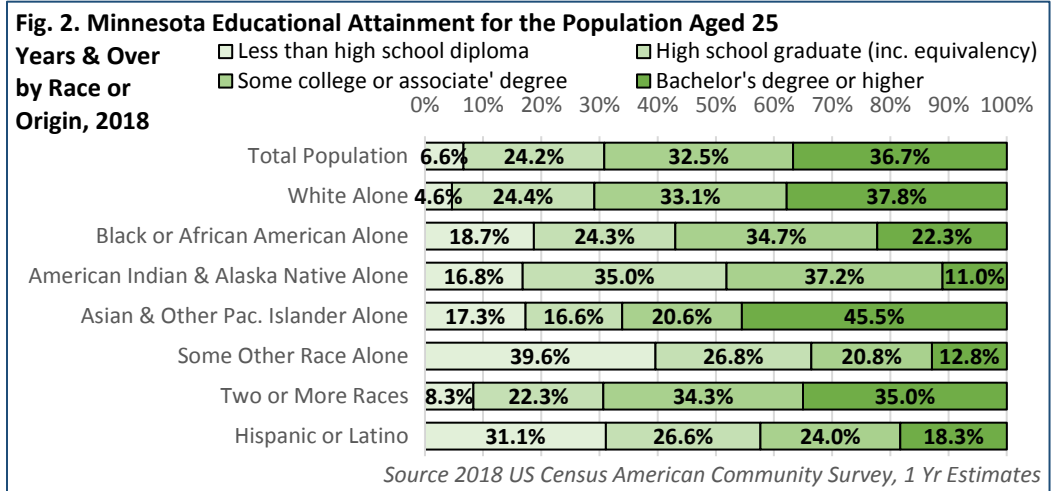
Source: U.S. Census Bureau, 2018 American Community Survey, 1-Year Estimates

More than doubling since 2000, people of Hispanic or Latino origin, who can be of any race, are the next largest group of color, with 308,013 residents in 2018. The 114.8% rise since 2000 also made it the fastest growing group in the state, just ahead of Black or African Americans and people of Two or More Races, which increased by 114.1 and 111.3% respectively. Asian & Other Pacific Islanders were the next largest minority racial group in Minnesota with 275,522 people in 2018. Minnesota was also home to about 175,000 residents identifying as Two or More Races. Less than 2% of the state’s population reported being Some Other Race, accounting for about 103,000 people, after expanding by 37,004 residents and 56.2% from 2000. Finally, the smallest group in Minnesota was American Indian & Alaska Natives, which, with 60,983 people following an increase of 10.9% from 2000, making it the second-slowest growing group ahead of Whites. With the exception of the low relative increase in White and American Indian & Alaska Native residents, the state’s population growth across all other groups was consistently much higher than the U.S., which means our racial diversity is increasing faster than the nation’s.

Employment Characteristics

Comparing the economic status of people of color with Minnesota’s white residents reveals many disparities including in educational attainment, labor force participation, unemployment, and income and poverty levels. Closing these gaps is crucial to keep the state’s economy moving forward.

People of color exhibited lower educational attainment than their white counterparts, with a much higher share of people with less than a high school diploma. However, those that identified as Two or More Races, Black or African American, or Native American had larger shares of people with some college experience or associate’s degrees, and Asian residents had a higher percentage of people with bachelor’s degrees or higher (see Fig. 2).



At 69.2%, the labor force participation rate was much higher in Minnesota than the country as a whole. The only racial or ethnic group with a lower rate in Minnesota than the U.S. was American Indians, at 57%. Workers of Some Other Race had the highest labor force participation rate in the state at 78.1%.

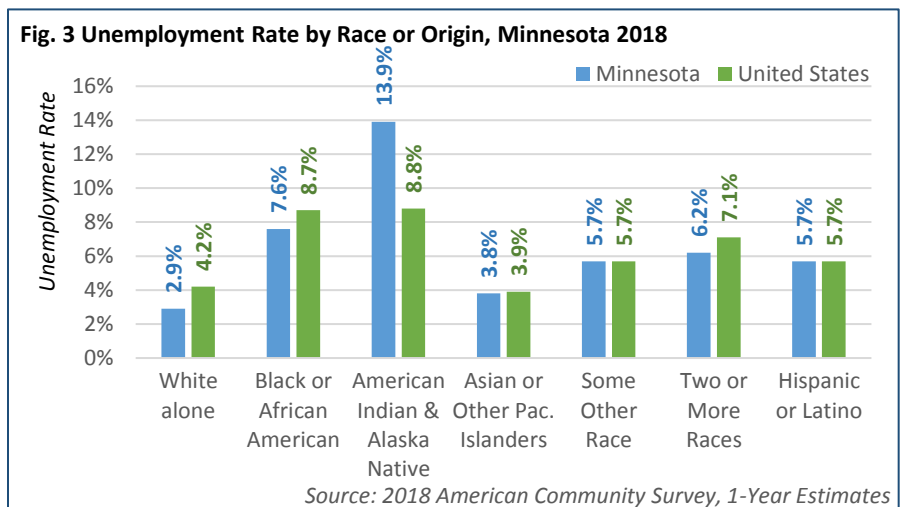
Table 2. Employment Characteristics by Race & Hispanic Origin

	Minnesota			United States	
	In Labor Force	Labor Force Partic. Rate	Unemp. Rate	Labor Force Partic. Rate	Unemp. Rate
Total Labor Force	2,973,902	69.2%	3.4%	63.3%	4.9%
White alone	2,597,350	68.7%	2.9%	62.7%	4.2%
Black or African American	181,265	71.5%	7.6%	62.6%	8.7%
American Indian/Alaska Native	24,800	57.0%	13.9%	58.0%	8.8%
Asian or Other Pac. Islanders	150,166	72.1%	3.8%	65.6%	3.9%
Some Other Race	55,825	78.1%	5.7%	69.2%	5.7%
Two or More Races	68,990	74.4%	6.2%	67.6%	7.1%
Hispanic or Latino	154,696	76.0%	5.7%	67.7%	5.7%

Source: 2018 American Community Survey, 1-Year Estimates

Only American Indians had markedly lower labor force participation rates than whites (see Table 2).

Despite considerable job growth for workers of other races, unemployment disparities continue to exist across Minnesota. While most workers of color in Minnesota had unemployment rates lower than their national averages, all were much higher than the white unemployment rate. Minnesota’s white unemployment rate was 2.9% in 2018, which was 1.3 points below the national rate. At 13.9%, American Indians had the highest unemployment rate in the state, almost five times the rate for whites, and more than 5% above the U.S. rate. Likewise, rates were more than twice as high for Black or African Americans as for whites (see Fig. 3).



Employment Diversity

While people of color make up 20.6% of the overall population, they held only 14.9% of total jobs in Minnesota, according to data from the Quarterly Workforce Indicators program. Through the third quarter of 2019, that equaled 427,802 workers of color, compared to 2,445,314 White Alone workers. Workers of color held just 8.3% of total jobs in Minnesota in 2000, indicating a significant increase in employment since 2000 (see Fig. 4).

In sum, workers of color have filled an additional 217,060 jobs in Minnesota since 2000, accounting for more than two-thirds of new jobs added. With 189,939 jobs, Black or African Americans were the largest group of color in the state economy, after gaining 97,832 jobs since 2000. The next largest group was Asians, who held 153,222 jobs in 2019 after more than doubling since 2000. Residents of Two or More Races held 53,522 jobs in the state, increasing 115% from 2000. With 27,878 jobs in 2019, American Indians saw the second lowest relative gain at 37%. Finally, Hispanic or Latino workers accounted for 140,289 jobs and increased 109% from 2000 (see Fig. 5).

Most sectors in Minnesota are non-diverse, but there are a couple industries that rely more heavily on workers of color. For example, 33.2% of the Administrative and Waste Services workforce is people of color, consisting of 13.7% Black or African Americans and 9.4% Hispanic or Latino workers. Likewise, 29.1% of the Accommodation and Food Services and 25% of Health Care and Social Assistance workforces were people of color. The largest number of workers of color (124,602) were employed in Health Care and Social Assistance, Accommodation and Food Services, and Public Administration (see Fig. 6).

Fig. 4. Employment by Race and Origin, All Industries, Minnesota

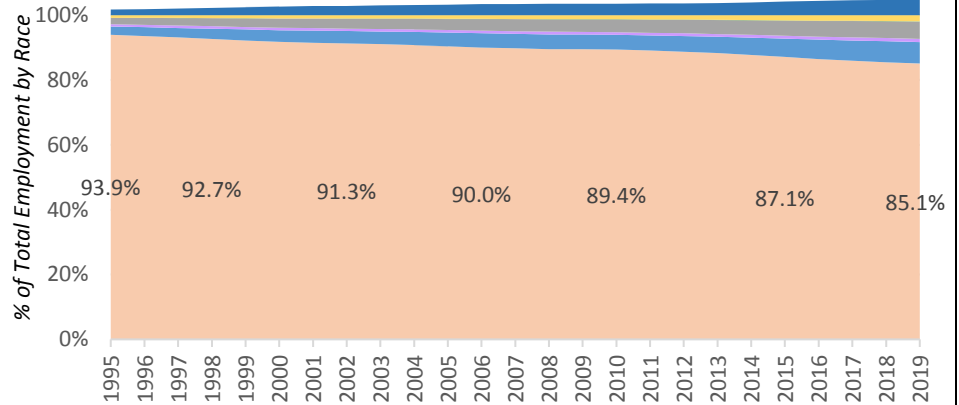


Fig. 5. Employment by People of Color, All Industries, Minnesota

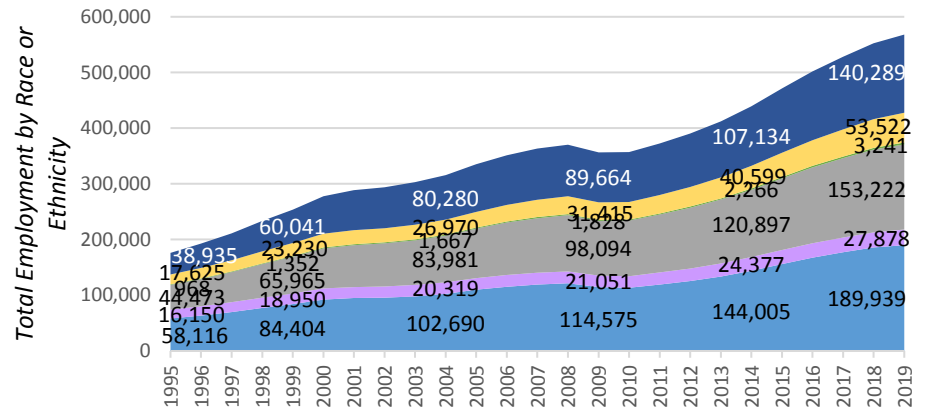
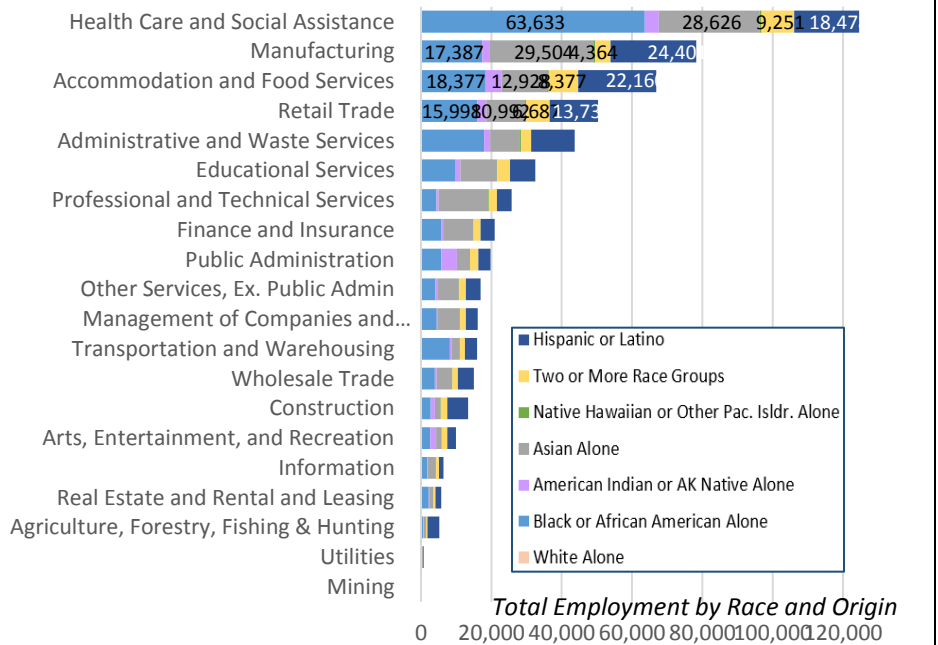


Fig. 6. Employment for People of Color by Industry, Minnesota



2019 data is for Qs 1-3. Source: DEED, Census LEHD Quarterly Workforce Indicators

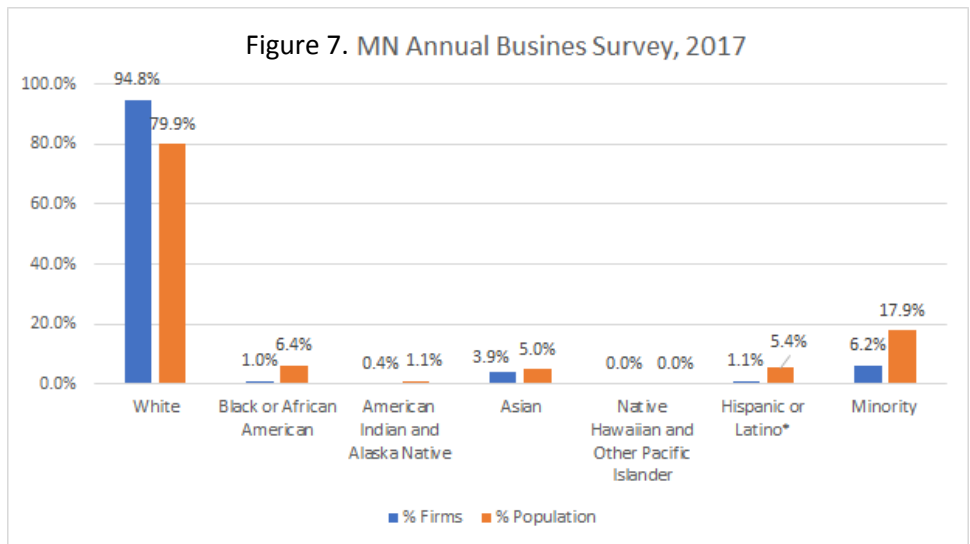
Business Ownership

Data from the Census Bureau’s Annual Business Survey shows that Minnesota’s business ownership is also much less racially diverse than the U.S. as a whole. Whites account for nearly 95% of business ownership among classifiable firms; compared about 4% of firms owned by Asian residents, about 1% both Black or African American and Hispanic or Latino ownership, and less than a half percent of firms owned by American Indians (see Table 3). In each case, the percent of business ownership is significantly lower than each race group’s share of the total population (see Figure 7.) In comparison, about 19% of all classifiable firms were minority owned in the U.S. in 2016, compared to about 6.5% in Minnesota. In comparison to other midwestern states, Minnesota has the largest number of minority-owned firms, well ahead of Wisconsin (6,100), Iowa (2,973), North Dakota (710), and South Dakota (694).

Table 3. Minnesota Annual Business Survey, 2017

Race/Ethnicity	Number of Firms	Percent of Firms	2017 Population	Percent of Population
White	100,929	94.8%	4,450,020	79.9%
Black or African American	1,057	1.0%	354,894	6.4%
American Indian/Alaska Native	389	0.4%	59,353	1.1%
Asian	4,109	3.9%	276,802	5.0%
Native Hawaiian/Pacific Islander	21	0.0%	2,728	0.0%
Hispanic or Latino Origin	1,156	1.1%	301,006	5.4%
Total, Minority	6,619	6.2%	994,783	17.9%

Source: U.S. Census Bureau; Firms include only classifiable firms.



Pandemic Containment Measures

The COVID-19 pandemic has put tremendous strain on Minnesota’s economy, and people of color in particular. The number of workers who have applied for Unemployment Insurance benefits as a share of the labor force varies widely by race and ethnicity: Blacks (42.2%) and American Indians (35.9%) have the highest UI applications as a share of total labor force size, which is at least in part because of the industries in which they are employed. A high share of American Indians are employed in casinos and accommodation and food services, many of which are temporarily closed. Likewise, a high share of Black or African Americans in Minnesota work in the health care industry and other customer-facing industries like retail trade and personal services, which have all been severely impacted by pandemic containment measures (see Table 4).

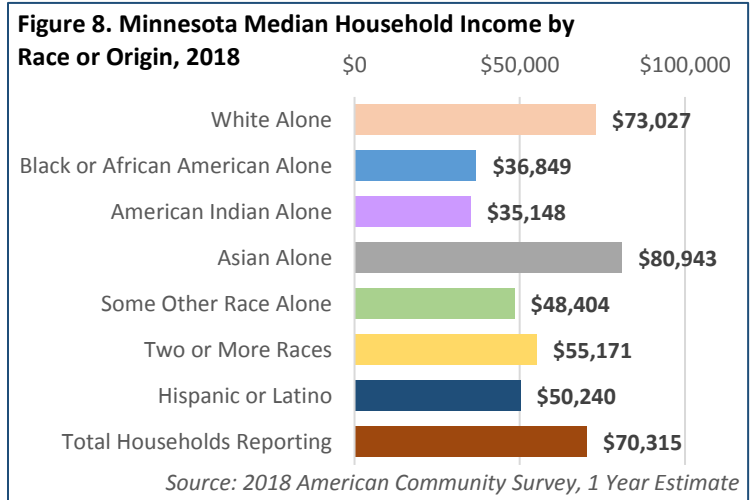
Table 4. Unemployment Insurance Applicants by Race in Minnesota, March 16-May 30, 2020

	Cumulative UI Applications Through 5/30	Share of Total UI Applicants Through 5/30	Applicants as a Share of Total Labor Force
Non-Hispanic White	542,874	71.9%	20.5%
Black or African American	73,956	9.8%	42.2%
American Indian/Alaska Native	8,829	1.2%	35.9%
Asian	41,469	5.5%	29.5%
Nat. Hawaiian/Pacific Islander	1,290	0.2%	NA
More than one race	18,070	2.4%	30.4%
Hispanic	38,217	5.1%	24.2%
Choose not to answer	30,809	4.1%	NA
Total, All Applications	755,514	100.0%	24.5%

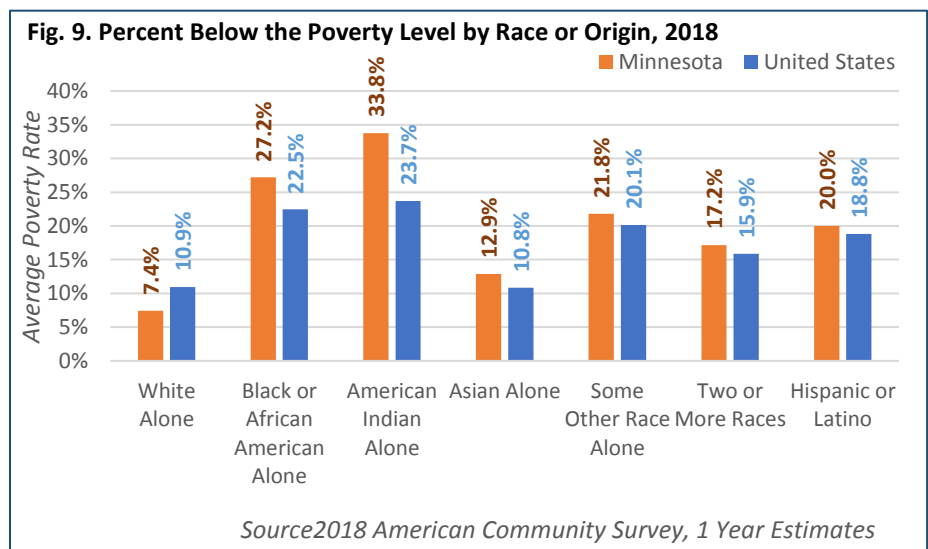
Source: DEED Unemployment Insurance; Note: NA = population not available

Economic Disparities

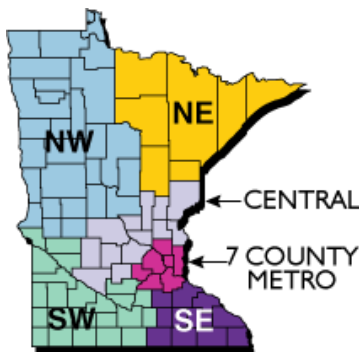
Racial disparities exist in employment characteristics and are also found in economic outcomes as measured by household income and poverty levels. Minnesota’s median household income was \$70,315 in 2018, but varied widely by racial groups. The median household income for American Indian households was \$35,148, less than half that of white households. Black or African American households also had median incomes less than half those of whites. Except for Asians, all other households of color in the state also had substantially lower household incomes than Whites (see Fig. 8).



Another measure of economic outcome is the percent of the population below the poverty level, and again there exists disparities between Whites and people of color in Minnesota. Overall, the state poverty rate was 9.6%, 3.5% below the national rate. However, in 2018 it was estimated that more than a fifth of the state’s people of color earned incomes below the poverty level, compared to just 7.4% of the White population. Poverty levels for American Indians and Black or African Americans, at 33.8% and 27.2% respectively, were the highest across all groups. In every instance except for White residents, Minnesota’s poverty rates were higher than the nation’s rates (see Fig. 9).



These racial disparities exist and persist for a wide variety of reasons, but the economic challenges and opportunities Minnesota will face over the next 15 years are great and will need to be tackled with an equitable and multi-pronged approach to attracting, retaining, and training workers of all demographic characteristics. Working on solutions to address these disparities between the white population and populations of color is not only the right thing to do, it's the necessary thing to do if Minnesota is going to provide employers with the workforce needed for success.



For more information about economic disparities by race in Minnesota, contact:

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